

(b) To which some functions of government have been delegated by state statute, and

(c) To which funds have been allocated by statute or ordinance for its exclusive use and control. It also includes drainage, irrigation, navigation, improvement, levee, sanitary, school or power districts and bridge or port authorities and other special districts created by state statute or compacts between the states. Excluded from the term are subordinate or nonautonomous divisions, agencies or boards within principal departments.

§ 561.39 Principal office.

The term *principal office* means the home office of a savings association established as such in conformity with the laws under which the savings association is organized.

§ 561.40 Public unit.

The term *public unit* means the United States, any state of the United States, the District of Columbia, any territory of the United States, Puerto Rico, the Virgin Islands, any county, any municipality or any political subdivision thereof.

§ 561.41 SAIF.

The term *SAIF* means the Savings Association Insurance Fund, established by the Federal Deposit Insurance Act. (12 U.S.C. 1811 *et seq.*).

§ 561.42 Savings account.

The term *savings account* means any withdrawable account, except a demand account as defined in § 561.16 of this chapter, a tax and loan account, a note account, a United States Treasury general account, or a United States Treasury time deposit-open account.

[54 FR 49545, Nov. 30, 1989, as amended at 62 FR 54765, Oct. 22, 1997]

§ 561.43 Savings association.

The term *savings association* means a savings association as defined in section 3 of the Federal Deposit Insurance Act, the deposits of which are insured by the Corporation. It includes a Federal savings association or Federal savings bank, chartered under section 5 of the Act, or a building and loan, savings

and loan, or homestead association, or a cooperative bank (other than a cooperative bank which is a State bank as defined in section 3(a)(2) of the Federal Deposit Insurance Act) organized and operating according to the laws of the State in which it is chartered or organized, or a corporation (other than a bank as defined in section 3(a)(1) of the Federal Deposit Insurance Act) that the Board of Directors of the Federal Deposit Insurance Corporation and the Director of the Office of Thrift Supervision jointly determine to be operating substantially in the same manner as a savings association.

§ 561.44 Security.

The term *security* means any non-withdrawable account, note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, or, in general, any interest or instrument commonly known as a *security*, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing, except that a *security* shall not include an account or deposit insured by the Federal Deposit Insurance Corporation.

§ 561.45 Service corporation.

The term *service corporation* means any corporation, the majority of the capital stock of which is owned by one or more savings associations and which engages, directly or indirectly, in any activities similar to activities which may be engaged in by a service corporation in which a Federal savings association may invest under part 559 of this chapter.

[54 FR 49545, Nov. 30, 1989, as amended at 62 FR 66262, Dec. 18, 1997]

§ 561.47 Slow consumer credit.

The term *slow consumer credit* means closed-end consumer credit delinquent 90 to 119 days (4 monthly payments) and open-end consumer credit delinquent 90 to 179 days (4-to-6 zero billing cycles). For the purposes of computing

§ 561.48

12 CFR Ch. V (1–1–98 Edition)

delinquency, a payment of 90 percent or more of the contractual payment will be considered as a full payment. If an association can clearly demonstrate that repayment would occur regardless of delinquency status—for example, the loan is well-secured by collateral and is in the process of collection; the loan is

supported by a valid guarantee or insurance; or it is a loan where the claims have been filed against a solvent estate—then such loan need not be classified as *slow consumer credit*. The following table illustrates the delinquency computation:

CLOSED-END CONSUMER CREDIT

Due date	Period	Delinquency status	Classification
3/10	3/10–4/09	Not delinquent.	Slow.
4/10	4/10–5/09	30 days or 2 payments.	
5/10	4/10–6/09	60 days or 3 payments.	
6/10	6/10–7/09	90 days or 4 payments	

OPEN-END CONSUMER CREDIT

Statement	Zero billing		Days		Class
	Day	Cycle	Payment record	Delinquent	
1	1	0	Slow. Slow. Slow.
2	30	1	No payment	5	
3	60	2	No payment	30	
4	90	3	No payment	60	
5	120	4	No payment	90	
6	150	5	No payment	120	
7	180	6	No payment	150	

§ 561.48 **Slow loans.**

With respect to loans on the security of a *home*, as defined in § 541.14 of this chapter, which is owner-occupied, the term *slow loans* means:

(a) Any loan or land contract less than 1 year old which is the equivalent of 60 days (2 months) or more contractually delinquent; or

(b) Any loan or land contract that is from 1 year to 7 years old which is the equivalent of 90 days (3 months) or more contractually delinquent; or

(c) Any loan or land contract more than 7 years old which is the equivalent of 90 days (3 months) or more contractually delinquent unless 10 out of the last 12 contractually required payments have been made; or

(d) Any mortgage loan, deed or trust, or land contract on which taxes on the security are due and unpaid for the equivalent of two or more years; or

(e) Any loan or land contract that has been modified or refinanced within the preceding 12 months, while contractually delinquent, except a mortgage loan or land contract:

(1) More than 2 years old and less than 30 days (1 month) contractually

delinquent at the time of the modification or refinancing and not previously modified or refinanced during the past 60 months or the life of the loan, whichever period is shorter, or

(2) Modified or refinanced to provide for payment of real estate taxes, other governmental assessments, hazard insurance premiums, mortgage life insurance or disability insurance premiums where the savings association is the assignee or beneficiary of the insurance, or water or sewer rent or charges, if provision is made for payment of the funds so advanced within the succeeding 12 months.

(f) In computing delinquencies for purposes of this section, any loan as to which the savings association has the benefit of any guaranty by the FDIC as successor to the Federal Savings and Loan Insurance Corporation shall be considered to be current as of the date such guaranty becomes effective with respect to that particular loan and only subsequent delinquencies shall be counted in determining whether the loan is slow.

(g) Any loan or land contract that has been made, extended, or continued